

How America Saved Italy and the World

A Monograph

by

MAJ Kwame O. Boateng
United States Army



School of Advanced Military Studies
United States Army Command and General Staff College
Fort Leavenworth, Kansas

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Monograph Approval

Name of Candidate: MAJ Kwame O. Boateng

Monograph Title: How America Saved Italy and the World

Approved by:

_____, Monograph Director
Stephen A. Bourque, Ph.D.

_____, Seminar Leader
David P. McHenry, COL

_____, Director, School of Advanced Military Studies
Henry A. Arnold III, COL

Accepted this 21st day of May 2015 by:

_____, Director, Graduate Degree Programs
Robert F. Baumann, Ph.D.

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Abstract

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As early as World War I, the United States possessed a vision for how to eliminate the propensity of interstate warfare. Actually achieving this vision proved difficult until after World War II. Then, US policy makers used a mix of security, economic, and regional incentives to bring their global vision into fruition. The 1948 Marshall Plan balanced the priorities of Italy's local security, economic, and regional security concerns to be effective. Immediately following the Italian landing operations, the Allies used civil affairs to re-establish the rule of law and secure the population. Believing economic competition ultimately led states to war, the United States then established international institutions to quell economic favoritism in Italy. When these Bretton Woods institutions proved insufficient, the United States then looked for a stimulus and modernization program to rebuild Italy and Europe. The purpose of this stimulus in the form of the Marshall Plan was to make recipient states capable of self-sufficient operation. The stimulus aimed to create regions insusceptible to alternative forms of government, namely communism. The enormous financial and political investment in the Marshall Plan required US policy makers to justify the costs to a skeptical public, one that sometimes failed to see the immediate connection between financial aid and security. Linking the Marshall Plan to the idea of containing the spread of communism allowed its passage and helped save Italy. The context and cost of the Marshall Plan make it a singularly unique type of US diplomacy. This same criteria provides a caution to those that advocate its re-application to modern problems.

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Acronyms

ACC	Allied Control Commission
AMG	Allied Military Government
AMGOT	Allied Military Government in Occupied Territories
IMF	International Monetary Fund
IBRD	International Bank for Reconstruction and Development
NSC	National Security Council
OFRRO	Office of Foreign Relief and Rehabilitation Operations
UNRRA	United Nations Relief and Rehabilitation Administration

Introduction

Sixteen-year old Peter Ghirenghelli stood barefoot in clothes reduced to tatters, slowly starving to death. Throughout World War II he had seen his father—the glue that held his family together—arrested, beaten, and humiliated.¹ Even with the war's conclusion, his father endured as only a shell of his former self, his pride long broken. Try as he could, his father simply could not find enough to provide for the family. The scarcity brought on by the war gave farmers enormous leverage, and they all too willingly raised prices to unbearable levels, exploiting the cold reality of supply and demand.² When his father went out to procure something as simple as rice and corn, he found himself priced out—his appeals for aid falling on deaf ears.³

Following the Allies entrance into Italy in 1943, riots broke out in Rome over food prices with furious housewives holding a 'hunger march' in December of that year.⁴ A dearth of basic life necessities created a desperate context, where nothing, including virtue, was beyond sale or barter for food and rations.⁵ The quest for food consumed Peter. The conditions deteriorated to such an extent that young Peter used the plaza fountain, once a decorative public fixture, as his sole source of potable water.⁶ His personal struggle represented a larger trend that affected all of Italy. Young and old alike struggled to find

¹ Peter Ghiringhelli. "An Account of My Life," in *Archive of World War Two Memories*, gathered by the British Broadcasting Company, accessed August 11, 2014, <http://www.bbc.co.uk/history/ww2peopleswar/stories/03/a1993403.shtml>.

² Ibid.

³ Ibid.

⁴ Keith Lowe, *Savage Continent: Europe in the Aftermath of World War II* (New York, NY: St. Martin's Press, 2012), 39.

⁵ Ibid., 43. Journalist Alan Moorehead, American Newspaper Daily Express' war correspondent, wrote about Naples post-Allied liberation. There, mobs of men, women and children beat each other over candy Allied soldiers threw their way, and boys as young as ten pimped their sisters and themselves. He wrote: "Food. That was the only thing that mattered...Food at the cost of any abasement and depravity."

⁶ Peter Ghiringhelli, "An Account of My Life," in *Archive of World War Two Memories*, gathered by the British Broadcasting Company, accessed August 11, 2014, <http://www.bbc.co.uk/history/ww2peopleswar/stories/03/a1993403.shtml>.

work and most importantly, food. He could only count on the goodness of the older widows, with their husbands and sons claimed by the war, for so long. Miss Virginia Abelli sometimes offered eggs, protein so elusive in Italy that Peter remembered, “I would suck them raw, right then and there.”⁷ Like the macroeconomic collapse across Europe, the microeconomic collapse within Italy upset the standing order and brought the specter of anarchy closer to realization. The ensuing chaos created an environment without security, contributing to a hopeless situation, one that inevitably could lead to anarchy.

In 1946 at Milan’s Bocconi University, economists Luigi Einaudi, Gustavo del Vecchio, and Constantino Turrone wrestled with how to make sense of Italy’s sorry economic state.⁸ How had the rest of Europe grown so quickly while Italy still limped along, some parts of her no more distinguishable than colonies in Africa?⁹ One thing stood certain in their minds, the government’s forceful imposition of modernization programs had failed spectacularly. Turrone’s lips grimaced as he thought about *Il Duce*—the Leader—the nickname former Italian dictator Benito Mussolini enjoyed. Despite *Il Duce*’s forceful implementation to improve Italy’s standing, the economic results could not be more disastrous with the Italian *lire* at only a portion of its previous value. Turrone shook his head ruefully, no matter what other economic scholars in the United States and Britain thought, truly free market economics, *liberalismo*, would have to work in Italy. Centralized control was fascism, and Italy was done with that ugly past.

Back in the United States, Senator Robert Taft smiled triumphantly. The voters finally made their voice known at the 1946 ballot box, returning his Republican party back to prominence. The American

⁷ Peter Ghiringhelli, “An Account of My Life,” in an *Archive of World War Two Memories*, gathered by the British Broadcasting Company, accessed August 11, 2014, <http://www.bbc.co.uk/history/ww2peopleswar/stories/03/a1993403.shtml>.

⁸ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, Cambridge University Press, 1987), 6. These three men all went on to become ministers in Italy’s post-war government.

⁹ Paul Kennedy, *The Engineers of Victory: The Problem Solvers Who Turned the Tide in the Second World War* (New York, NY: Random House, 2013), 237-240; Douglas Porch, *The Path to Victory: The Mediterranean Theater in the World War II* (New York, NY: Farrar, Straus, and Giroux, 2004), 462. Upon landing in Southern Italy as part of Operation Husky, many Allies commented on not seeing a discernable difference between North Africa and South Italy, the conclusion being that South Italy had more in common with Africa than Europe.

people were tired of constantly shoving money down a European black hole. They did their part, had they not? In Italy alone, Americans and their allies rebuilt industry stopped deadly outbreaks of disease, and restored governance. Yet, Italians still had the gall to ask for even more money.¹⁰ He reviewed the results: overall the Democrats were crushed losing fifty-six seats in the House of Representatives and thirteen in the Senate.¹¹ With the Republican Party enjoying the first majority since 1928, Taft, a Republican hopeful for the upcoming presidential election, had a chance to implement his agenda.¹² Primary would be rolling back the government largesse that doled out tax assistance and benefits to every farmer and laborer who applied.¹³ “A waste, socialism disguised as help,” Taft concluded.¹⁴ Since he was taking on domestic largesse the next logical step would be to stop foreign largess and the incessant flow of good American money down a European void.¹⁵ The days of aid written on a blank check would officially come to a close, or so Taft thought. Europe would have to figure out how to solve their problems by themselves.

These three vignettes illustrate the difficulties the United States faced in trying to stabilize Europe and Italy following World War II. Part of the problem, was security as depicted in the first story. Once the Allies entered Italy, suddenly two million Italian citizens became their responsibility, all who faced

¹⁰ Harper, 150. In mid-1947, Italian Prime Minister De Gasperi and Chairman Tarchiani requested \$334 million to prop up Italian bank reserves.

¹¹ Charles L. Mee, *The Marshall Plan: The Launching of the Pax Americana* (New York, NY: St. Martin's Press, 1984), 36.

¹² Ibid.

¹³ James T. Patterson, *Mr. Republican: A Biography of Robert A. Taft* (Boston: Houghton Mifflin, 1972), 5-10; Clarence E. Wunderlin, *Robert A. Taft: Ideas, Tradition, and Party in U.S. Foreign Policy* (New York: Rowman & Littlefield Publishers, 2005), 14-16. Robert Taft was the most prominent member of the 80th US Congress known for opposing Democratic policies, specifically the ideas of social welfare both in the United States and elsewhere.. More information about how the policy makers convinced a skeptical Congress and electorate to support massive European aid is covered in Section II.

¹⁴ Harry Truman, “Address in Kiel Auditorium, St Louis” in *Public Papers of the Presidents: Harry S. Truman 1945-1948*, 4 November 1948 accessed February 15, 2015, <http://www.trumanlibrary.org/publicpapers/index.php?pid=909>. In the transcript, Truman address how the Republican Congress wanted to roll back social programs founded under the New Deal.

¹⁵ Ibid. The Republican candidates ran on an isolationist agenda tapping into pervasive war exhaustion.

challenges similar to Peter Ghiringhelli.¹⁶ Throughout World War II, the Allies fought to apply a broader base of pressure on the Axis Forces, especially to open a second front and relieve their beleaguered Soviet compatriots bearing the brunt of the Axis assault.¹⁷ In Italy, they finally achieved that turning point. Troops landed in Sicily and began their long march into the heart of the Axis via the soft, Mediterranean underbelly. By immediately securing Italy while maneuvering, the Allies set future conditions for Italy's long-term stability. Yet achieving this long-term stability led to another problem, a problem of economics. As seen in the second story, US policy makers struggled with how to best use aid to recreate a self-sufficient Italian economy. In addition to destroying the social and political institutions that held the country together, World War II destroyed Italy's fragile economy.¹⁸ Industrial output stood at only twenty-nine percent of pre-war levels, with agricultural output at sixty-three percent.¹⁹ Italy always depended on its neighbors for certain basic raw materials such as cotton, metals, rubber, and natural energy products.²⁰ Relative to young Peter's challenges, Italy imported nearly half of its wheat supply.²¹ This sort of economic and trade dependence was not unique to Italy. A majority of Europe depended on British and German coal and balanced these trade deficits through the export of agricultural products and semi-finished goods.²² The onset of war devastated this economic ecosystem, and the interdependent

¹⁶ Dwight Eisenhower, "Eisenhower Recommends Strengthening the Badoglio Government with a View to Cobelligerency," in *Civil Affairs: Soldiers Become Governors* by Harry L. Coles and Albert K. Weinberg. Msg, Eisenhower to CCS, 18 Sep 43, CAD Msg files, 160.

¹⁷ Paul Kennedy, *Engineers of Victory: The Problem Solvers Who Turned the Tide in the Second World War* (New York: Random House, 2013), 249.

¹⁸ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, Cambridge University Press, 1987), 1-17.

¹⁹ *Ibid.*, 1.

²⁰ Carlos Sforza, "Italy, the Marshall Plan and the Third Force," in *Foreign Affairs*, 1948, accessed August 15, 2014, <http://www.foreignaffairs.com/articles/70655/carlo-sforza/italy-the-marshall-plan-and-the-third-force>. The author served on three separate national Italian cabinets that debated the merits of the Marshall Plan giving him unique insight into the policy and the national Italian mood in 1948.

²¹ *Ibid.*

²² John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York: Cambridge University Press, 1987), 1-17.

trade arrangements unraveled creating conditions for famine, pestilence, and violence. These conditions combined with security and economic problems to contribute to a larger problem of regional stability as seen in the final story. Ever since President Woodrow Wilson outlined his Fourteen Points to prevent international conflict following World War I, US leaders and policy makers maintained a consistent vision for regional stability and international order.²³ Unfortunately, growing isolationist sentiment and war weariness following World War II threatened to undermine this vision when the world needed it most. Creating the proper regional and international framework would uphold Italy's stability.

The Marshall Plan was the reconciliation of these three dilemmas. Officially known as the European Recovery Act, the plan named after famed General and Secretary of State George C. Marshall provided \$13 billion in aid to rebuild European countries following World War II.²⁴ The plan was also a natural outgrowth of a long held US vision for international order. However, the Marshall Plan was only a piece of how the United States helped secure a lasting peace in Italy and abroad following a brutal war. First, the immediate efforts to stabilize and secure Italy through the Allied Control Commission and Allied Military Government played a crucial role. Though ultimately insufficient on their own, the establishment of subsequent economic institutions set the precedent and structure for large aid transfers between nations, specifically in US dollars. They also normalized key economic concepts regarding the relationship between a state's government and a state's economy. These two efforts ultimately set conditions for the realization of a uniquely American international vision and the Marshall Plan's success.

Literature Review

Three prevalent views exist regarding the Marshall Plan, but there is conceptual space for synthesis between these views. On one end of the spectrum, historians received and presented the Marshall Plan as diplomatic altruism. Another school of thought exists in the middle of the spectrum. Here, books cast the Marshall Plan as well-intentioned but irrelevant to Europe's recovery, which was a

²³ Woodrow Wilson, *War Aims and Peace Terms*, 8 January 1918.

²⁴ *Ibid.*, 46.

natural occurrence. At the other pole of the spectrum, historians view the Marshall Plan as opportunistic imperialism, with the United States exploiting vulnerable countries after the war.²⁵

From its inception, the Marshall Plan received glowing accolades as a sterling example of American diplomacy. Initial coverage in the United States reflected what the State Department marketed and presented, that the Marshall Plan contained communism and advanced a more open international economic system to benefit all.²⁶ In Europe, and in Italy specifically, initial skepticism largely gave way to appreciation over the European Recovery Act.²⁷ The notable exception came from the Soviet Union of course, who seemed to understand the geopolitical implications of a US-backed international order.²⁸ Overall, initial American coverage evoked a misty appreciation for anything carrying Marshall's name, the physical epitome of the greatest generation.²⁹ One of the foremost academic studies to seriously revisit the intent (but not outcome) of the Marshall Plan occurred in 1976 with John Gimbel's *The Origins of the Marshall Plan*. While not going as far as later historians in calling it unnecessary, he did create a small academic furor when he argued that the plan's central focus was not containing communism or reviving exports as previously accepted. Rather, framers wanted to rectify the problem of a disjointed

²⁵ John Gimbel, *The Origins of the Marshall Plan* (Stanford, CA: Stanford University Press, 1976); Alan Milward, *The Reconstruction of Western Europe 1945 -1951* (Berkeley: University of California Press, 1984); Michael Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe* (Cambridge: Cambridge University Press, 1987); Michael Cox and Caroline Kennedy-Pipes, "The Tragedy of American Diplomacy? Rethinking the Marshall Plan," *Journal of Cold War Studies*, v. 7 n. 1 (Winter 2005), 135-140; Charles S. Maier, "The Marshall Plan and the Division of Europe," *Journal of Cold War Studies*, v. 7, n. 1 (Winter, 2005), 168-174; Nicholas Mills, *Winning the Peace: The Marshall Plan and America's Coming of Age as a Superpower* (Hoboken, NJ: John Wiley and Sons, 2008).

²⁶ D.M. Giangreco and Robert E. Giffin, *Airbridge to Berlin: The Berlin Crisis of 1948, It's Origins and Aftermath* (New York, NY: Presidio Press, 1988); Exhibit, *Truman and the Marshall Plan*, 2012, Harry S. Truman Library and Museum; *The Fiftieth Anniversary of the Marshall Plan*, 1997, Library of Congress, accessed December 4, 2014, <http://www.loc.gov/exhibits/marshall/marsh-exhibition.html>. The views are a synthesis of the political cartoons and congressional debates displayed throughout the book and exhibitions.

²⁷ Ibid.

²⁸ Policy makers may have overplayed the direct threat to the Soviet Order in order to make the legislation more palatable to domestic audiences. Section III more fully explores this concept.

²⁹ Tom Brokaw, *The Greatest Generation* (New York, NY: Delta Books, 1998), xxviii.

Germany, which served as Europe's economic engine. Conversely, other European states wanted to penalize Germany for their role in World War II, a sentiment the Marshall Plan had to combat.³⁰

Economist Alan Milward offered a counterintuitive assessment through several books, most notably *The Reconstruction of Western Europe, 1945-1951*. Seeking to debunk the established view of the Marshall Plan, Milward used economic analysis to show how the millions in Marshall Plan aid were only secondary to Europe's revival.³¹ Largely viewing the prevailing narrative lionizing the Marshall Plan as more sentiment than fact, Milward's contrarian analysis met heavy criticism. This led to his explanation of his work: "It would be wonderful if a new historical understanding could put an end to the hollow clichés hurled around the media by politicians and journalists."³² In his view, the Marshall Plan was mostly unnecessary. Historian Michael Hogan further detracted from the Marshall Plan's gleaming reputation in his work *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe 1947-1951*.³³ While not debating its necessity, Hogan characterized the European Recovery Act as a brand of American hyper-corporate capitalism.³⁴ In his view, a core bloc of capital-intensive firms and their agricultural and business allies served as the Marshall Plan's supporting political coalition ensuring it eventually passed through a hostile congress.³⁵ His view is characteristic of two larger historical movements or revisions emergent in the 1980's. One was recasting the Cold War with fault lying primarily at the feet of the United States. By isolating the Soviet Union while pursuing open door access to markets abroad, the Soviet Union was imperiled to die a slow death at the hands of "Coca-Cola

³⁰ John Gimbel, *The Origins of the Marshall Plan* (Stanford, CA: Stanford University Press, 1976), 273.

³¹ David McKittrick, "Economic Historian Celebrated for his Analyses of the Post-War European Project," in *The Independent* (London, UK: December 6, 2010), 8. Milward's work and figures are cited in Section II.

³² Ibid.

³³ Michael Hogan, *The Marshall Plan: American, Britain, and the Reconstruction of Western Europe, 1947-1952* (Cambridge: Cambridge University Press, 1987), 29.

³⁴ Ibid., 3.

³⁵ Ibid., 427.

imperialism.”³⁶ The second movement was led by the so-called Wisconsin school of thought which offered a new left critique of American foreign policy.³⁷ Their views further supported this notion, since selfish, material US objectives undermined the higher and more ideologically sound potential of measure like the Marshall Plan. In more current works, the debate on the intent and effect of the Marshall Plan continues.³⁸

Analyzing these books reveals two interesting themes. First, economists (Milward) and historians (Hogan and Gimbel) seem to draw different conclusions on the effectiveness of the Marshall Plan. Economists—those purveyors of the “dismal science”—may be reluctant to draw causal links between the global post-war recovery and the Marshall Plan as catalyst.³⁹ Conversely, some historians attribute great importance to policy planned and executed by the premier men of the greatest generation.⁴⁰ The other theme is the tendency to diminish the immediate military and long-term strategic outlook enabling the

³⁶ Michael Cox and Caroline Kennedy-Pipes, “The Tragedy of American Diplomacy? Rethinking the Marshall Plan,” *Journal of Cold War Studies*, v. 7, n. 1 (Winter 2005), 97-134; Marc Trachtenberg, “The Marshall Plan as Tragedy,” *Journal of Cold War Studies*, v. 7, n. 1 (Winter 2005), 135-140. Cox and Pipes present the idea that America aggressively pushed the Marshall Plan to expand their influence. Joseph Stalin never wanted a conflict since he realized the Soviet Union could not compete with the United States over the long term. Trachtenberg finds this to be simplistic, instead presenting the Marshall Plan as the initial component of a series of events leading to Cold War era bi-polarization.

³⁷ The Wisconsin school of thought refers to a thread emanating from the region around the University of Wisconsin. Heavily settled by German immigrants, the region leaned heavily Democrat during the Franklin Roosevelt period embracing the ideals of progressivism and promoting the social good. This trend colored the regional views on history and US policy, with a tendency to reject.

³⁸ Doug Bandow, *The Politics of Plunder: Misgovernment in Washington* (New Brunswick, NJ: Transaction Publishers, 1990), 469-470; Greg Behrman, *The Most Noble Adventure: The Marshall Plan and How America Helped Rebuild Europe* (New York, NY: Simon and Schuster, Inc, 2007), 6. Greg Behrman is a Henry Kissinger Fellow for Foreign Policy at the Aspen Institute, a Washington DC based think-tank. It should be noted that Mr. Bandow is a fellow at the Cato Institute which promotes deregulated, free-markets. Their stance is accessible via their website, accessed August 15, 2014, www.cato.org.

³⁹ Derek Thomas, “Why Economics Is Really Called the ‘Dismal Science,’” *The Atlantic*, 20 December 2013, accessed January 12, 2015, <http://www.theatlantic.com/business/archive/2013/12/why-economics-is-really-called-the-dismal-science/282454>.

⁴⁰ Greg Behrman, *The Most Noble Adventure: The Marshall Plan and How America Helped Rebuild Europe* (New York, NY: Simon and Schuster, Inc, 2007), 6. Great man style histories usually present their central personalities as pragmatic problem solvers whose collective insight led to the Marshall Plan and post bellum order.

Marshall Plan. Gimbel does well to acknowledge the former, outlining the important personalities advocating a democratic international order since World War I. This monograph can further discourse on the Marshall Plan by bridging economic and historical gaps while adding an appreciation for the immediate post-conflict military effort. Ultimately, analyzing the reconciliation between the strategic, economic, and military views leads to a critical question, did the America achieve its international vision in Italy? A holistic view of the United States' actions proves they achieved its international vision in Italy through internal security, economic reform, and external regional stability.

Security and Governance

In his Pulitzer Prize winning novel *A Bell for Adano*, author John Hersey tells the tale of an American Civil Affairs Officer Major Victor Joppolo.⁴¹ Operating in the southern Italian town of Adano in 1943 after the Allies entered Italy, the idealistic Major wants the townspeople to thrive after suffering under the brutal Mussolini regime. The environment mirrors that described by young Peter Ghiringhelli, typical southern Italy awash in filth, battle scarred, with the population reeling from the reality of war.⁴² Joppolo throws himself into his work, trying his best to outfit the townspeople with the resources required to recover from war. Reality quickly sobers these good intentions. The Allied military needs the town's roads and ports for operational reasons. As such, the citizens' economic and fishing concerns are secondary. The townspeople want to replace their central church bell after fascists melt it for bullets, but the naval ship that has an additional bell is reluctant to relinquish its signaling equipment for some Italian peasants. Joppolo's growing loyalty to the town is pitted against his duty to the Allied mission. When a General's convoy encounters donkeys on the main road, the guards kill the animals immediately. Only

⁴¹ John Hersey, *A Bell for Adano* (New York, NY: Vintage Press, 1988), Chapter 1.

⁴² Joseph H. Cooper, "D-Day: A World War II Novel's Lessons for Today's Troops" in *The Fiscal Times* 6 June, 2014 accessed February 3, 2015, <http://www.thefiscaltimes.com/Columns/2014/06/06/D-Day-World-War-II-Novel-s-Lessons-Today-s-Troops>.

seeing the mission in front of them, the guards fail to realize how the donkeys provide transport, status, and meaning to the locals.⁴³

Hersey's tale is more than emblematic, it accurately depicts the tension between traditional military operations and the need to maintain and in some cases re-establish civil society.⁴⁴ This tension was evident throughout the Allies' Italian occupation and administration, but deftly handled through the Allied Control Commission and Allied Military Government. Italy, which had always been somewhat bifurcated between North and South, saw military operations truly divide her between the Southern Italian Kingdom occupied and administered by the Allies and the German occupied Salò Republic.⁴⁵ The ease with which the Allies took Sicily during Operation Husky created an expectation for similar results on the mainland.⁴⁶ The Allies soon saw this expectation crushed as fierce resistance denied Operation Avalanche, the military operation to continue Allied expansion into mainland Italy via Salerno, similar success.⁴⁷ Reinforced German resistance caused operations to stalemate, and the advance stabilized along the so-called Gustav Line.⁴⁸ Within this stalemate, Italy acted as a test-bed for Allied civil affairs' security and stabilization efforts since it was the first time the Allies administered in a large occupational role.⁴⁹ This nascent military governance approach allowed the growth and progression necessary for the

⁴³ John Hersey, *A Bell for Adano* (New York, NY: Vintage Press, 1988), Chapter 3.

⁴⁴ Joseph H. Cooper, "D-Day: A World War II Novel's Lessons for Today's Troops" *The Fiscal Times* June 6, 2014, accessed February 3, 2015, <http://www.thefiscaltimes.com/Columns/2014/06/06/D-Day-World-War-II-Novel-s-Lessons-Today-s-Troops>.

⁴⁵ Oreste Foppiani. *The Allies and the Italian Social Republic (1943 – 1945): Anglo-American Relations with, Perceptions of, and Judgements on the RSI during the Italian Civil War* (New York: Peter Lang, 2011), ii.

⁴⁶ Paul Kennedy, *Engineers of Victory: The Problem Solvers who Turned the Tide in the Second World War* (New York: Random House, 2013), 242- 244.

⁴⁷ *Ibid.*, 245-247.

⁴⁸ *Ibid.*, 242-247. The Gustav Line became a 30-mile front where Axis and Allied Forces essentially stalemated.

⁴⁹ Albert Weinberg and Harry Coles, "Civil Affairs: Soldiers Become Governors" in *United States Army in World War II Special Studies* (Washington, DC: Government Printing Office, 1986), vii. The authors note that while Italy was not the first time the United States and certainly the British dealt

Allies to display the civil aptitude to later reconstruct post-war Japan and Germany.⁵⁰ Supreme Allied Commander General Dwight Eisenhower effectively summarized the daunting new challenge facing the Allies, “From the beginning of the conquest of Sicily we had been engaged in a new type of task, that of providing government for a conquered population. Specially trained ‘civil affair officers,’ American, British, and Canadian, accompanied the assault forces and pushed forward to take over from the combat troops the essential task of controlling the civilian population.”⁵¹ Their efforts secured Italy and set conditions the US post-war vision’s success.⁵²

To secure Italy, the United States first had to train personnel for the civil affairs mission. Doing this required them to play catch-up against the British whose civil affairs officers worked to achieve the British vision for the post-war order. In training, three key considerations for the Allied Military Government emerged, particularly the difference between US and British civil affairs competency. First, civil affairs during World War II did not have the same connotation as today and was more closely associated with governing. The 1947 Field Manual, *Civil Affairs Military Government*, outlined American military responsibilities in occupied territories as “All powers exercised and responsibilities assumed by the military commander in an occupied or liberated area with respect to the lands, properties, and inhabitants thereof, whether such administration be in enemy, allied, or domestic territory.”⁵³ Second, even though the United States acknowledged the need to plan and train personnel for occupation duties,

with reconstructing a civil society, it had never been done on the scale of World War II and from a starting point of such physical, industrial, and social destruction.

⁵⁰ Ibid.

⁵¹ Dwight Eisenhower, *Crusade in Europe* (Garden City, NY: Doubleday and Company, 1948), 191-192.

⁵² Douglas Martin, "F.E. Toscani, 89, Dies; Model for Hero in 'Bell of Adano,'" *The New York Times*, January 28, 2001 accessed February 11, 2014, <http://www.nytimes.com/2001/01/28/nyregion/fe-toscani-89-dies-model-for-hero-of-bell-for-adano.html>. Hersey's fictional tale has more than a foot in reality. The main character is based on real-life US civil affairs officer FE Toscani. The story about acquiring a church bell for the town and the General shooting a donkey blocking the convoy are also both true. The real life general was General Douglass Patton.

⁵³ Field Manual 27-3 *Civil Affairs Military Government* (Washington, DC: Government Printing Office, 1947), 6.

they lagged behind the British who possessed an established Directorate of Civil Affairs, offered a hybrid political/military course at Cambridge through their War Office, and served as the standard for the United States to emulate.⁵⁴ The US solution came in the form of the School of Military Government in Charlottesville, Virginia. The school sought to leverage expertise from both the military and civilian sectors and only accepted military candidates nominated through their Service Command.⁵⁵

Still by 1943, the British also possessed operational experience the United States could not equally claim, as civil affairs officers participated in the Normandy invasion with the British 21st Army Group.⁵⁶ This led to the third point, how British expertise could also explain their predominance over the Americans within the initial Allied Military Government structure and some of the early decisions that initially served Sir Winston Churchill's vision of post-war Europe versus the standing American view. President Roosevelt wanted to restore Italian autonomy as quickly as possible to avoid internal dissension, expedite post-war rehabilitation, and assist the Allies in the continuing war effort. Still, America's overall interest in the Mediterranean did not equal Britain's.⁵⁷ With need to secure their Mediterranean Sea routes and colonies, Churchill desired a weaker Italy that would not pose a threat in the region.⁵⁸ These conflicting strategic visions impacted the September 1943 Armistice with Italy, which while succeeding in ceasing hostilities in southern Allied controlled zones, also included several diplomatic missteps. Notably, the treaty failed to elevate Italy to an ally (instead classifying them only as a co-belligerent), did not address the large German contingent still armed and fighting in Northern Italy,

⁵⁴ F.S.V. Donnison, *Civil Affairs and Military Government North-West Europe, 1944-1946* (London: Her Majesty's Stationary Office, 1961), 121.

⁵⁵ Miller (Director MGD), "Memo on Civil Affairs Division Staff Officer" 2 April, 1943 in United States Army in World War II Special Series, *Civil Affairs: Soldiers become Governors* by Harry L. Coles and Albert K. Weinberg (Washington DC: Government Printing Office, 1986), 80.

⁵⁶ Correlli Barnett, *Post-conquest Civil Affairs: Comparing War's End in Iraq and in Germany* (Foreign Policy Center, 2005), 13, accessed October 15, 2014, fpc.org.uk/fsblob/389.pdf.

⁵⁷ John L. Harper. *America and the Reconstruction of Italy, 1945-1948* (New York: Cambridge University Press, 1986), 24.

⁵⁸ *Ibid.*, 24.

and failed to set a course for Italian autonomy.⁵⁹ The latter point is important since the armistice essentially added an ideological fissure to the already existing historical, cultural, and economic split between Northern and Southern Italy setting the stage for the Italian Civil War and eventual partisan movement.

After training for the mission, the Allies made a conscious decision to focus on military requirements or military necessity, even if it came at the cost of Italy's population needs. The US Army's review of civil affairs' performance in Italy reveals how leaders viewed the Allied Military Government's primary mission. Foremost was setting conditions for successful military operations, versus military actions serving civil concerns. Historical sources and assessments corroborate this view. The official Review of the Allied Military Government stated "Army AMG [Allied Military Government] officers make their moves primarily through tactical considerations rather than administrative ones. First and foremost the necessities of war have to be the deciding factor"⁶⁰ Additionally, historian Isobel Williams recounts how official British policy reflected the primacy of military operations over civil affairs. Civil affairs officers had to be between thirty-five and fifty-five in order to save the best recruits for combat units.⁶¹ That is not to say all military efforts occurred divorced from civil needs. For the United States, the Office of Foreign Relief and Rehabilitation Operations (OFRRO) acted as the bridge between military and civil efforts. Formed November 21, 1942, President Roosevelt outlined the new organization's purpose in a letter to Congress on December 11 of the same year:

The task is to supply medicines, food, clothing, and other dire needs of those people who have been plundered, despoiled, and starved...[The Nazis and Japanese] have used hunger as an instrument of the slavery they seek to impose. Our policy is the direct opposite. United Nations' forces will bring food for the starving and medicine for the sick. Every aid possible will be given

⁵⁹ US Department of State. 1943. Armistice with Italy. US-UK-Italy. September 3. *TS 1604*, accessed November 14, 2014, <http://avalon.law.yale.edu/wwii/italy01.asp>.

⁶⁰ Public Relations Branch, *A Review of Allied Military Government and of the Allied Commission in Italy: July 10, 1943 D-Day Sicily to May 2, 1945 German Surrender in Italy* (Washington, DC: Government Printing Office, 1945), 4.

⁶¹ Isobel Williams, *Allies and Italians Under Occupation: Sicily and Southern Italy 1943 – 1945* (New York, NY: Palgrave Macmillan, 2013), 11. Williams also catalogues British difficulties with finding suitably skilled candidates, rejecting sixty-six percent of the applicants to the program in WWII.

to restore each of the liberated countries to soundness and strength, so that each may make its full contribution to United Nations' victory and to the peace which follows.⁶²

Again, Roosevelt's staunch commitment to revitalization stands in contrast to the wishes of his coalition counterpart, Churchill, and reemphasized the US vision for post-war structure. Despite these efforts to link strategic ends and operations, putting the idealistic rhetoric into practice proved difficult, especially given the overriding emphasis on military necessity. One example of many came just after the Allies entered Sicily and sought to end the rampant food shortages and malnutrition found there. Unfortunately, the Allied Military Government Chief, Lord Rennel, found his supply request to boost the grain and pasta ration diverted to Messina to support North African operations. Stories like this replayed themselves throughout the Allied military occupation.⁶³ On May 1, 1943, General Eisenhower issued the Allied Military Government in Occupied Territories (later shortened to Allied Military Government in Italy so as not to offend a co-belligerent) operational order to restore law and order and relieve combat troops of the civil administration burden.⁶⁴ The organization that would help the United States stabilize Italy officially came into being.

The Allies used multiple approaches to secure Italy before realizing the limits of security efforts alone. Normatively, the Allied Military Government would govern an area until a local democratic process presented a legitimate form of Italian government. Once, that occurred the Allied Military Government transitioned to the Allied Control Commission. Rather than administering directly, the commission acted in an advisory role to the newly formed local government and served as a link back to the United Nations and Allied Force Headquarters.⁶⁵ The conditions on the ground proved much more

⁶² Division of Public Information, *Office of Foreign Relief and Rehabilitation Operations* (Washington, DC: Government Printing Office, 1943), 3.

⁶³ Public Relations Branch, *A Review of Allied Military Government and of the Allied Commission in Italy: July 10, 1943 D-Day Sicily to May 2, 1945 German Surrender in Sicily* (Washington, DC: Government Printing Office, 1987), 11.

⁶⁴ *Ibid.*, 8-9.

⁶⁵ Public Relations Branch, *A Review of Allied Military Government and of the Allied Commission in Italy: July 10, 1943 D-Day Sicily to May 2, 1945 German Surrender in Italy* (Washington, DC: Government Printing Office, 1945), 20.

dynamic and challenged this design. Emergent problems tended to shift each organization's focus. For instance, massive amounts of refugees—as many as five hundred per day—flowed southward into more stable Allied Zones, forcing the Allied Military Government to relocate over 60,000 refugees.⁶⁶ In early 1944, a deadly outbreak of typhus threatened civilian and soldier alike, and affected parties relied on both agencies to avert a disastrous outbreak. This particular incident illustrated the synergy between the military and civilian institutions. The Allied Military Government's Public Health Sub-Commission in conjunction with US medical experts at the Rockefeller Foundation developed contingency plans in case of rapid infectious disease outbreak.⁶⁷ The hastily assembled US Typhus Commission worked through the existing bureaucratic structure to administer over three million treatments in a matter of some months to contain the typhus event.⁶⁸ Other notable events aptly handled by the nascent Allied Military Government and Allied Control Commission included locating and documenting Italy's fine arts, and handling a volcanic eruption often with the lines between each organization blurred for expediency's sake.⁶⁹ All these efforts helped restore security and a sense of normalcy within Italy, a necessary pre-condition for other, more expansive goals. After the Allies entered Rome in 1944, they began to enact change on the national level. Unfortunately some of the tension brought about by reconstruction played out in the form of reprisals. For instance, Allies imprisoned the elderly bank governor for 'allowing' the retreating Germans to make off with 55,000 kilograms of gold, the exploited governor playing the role of national scapegoat.⁷⁰ Without a governor to enact policy, they propped up the central bank that supported the

⁶⁶ Ibid., 34.

⁶⁷ Ibid., 20.

⁶⁸ Ibid.

⁶⁹ Ibid., 34-37. The ACC also had a contingency plan for Mount Vesuvius' eruption, developed in conjunction with the Red Cross.

⁷⁰ Ibid. It is the author's contention that the bank governor, who did not financially benefit from the theft, was more a victim than an accomplice to the German forces, but served as an appropriate scapegoat for the Italian people and Allied forces.

Italian economy, depositing over 840 million *lire* to suppress a run on the bank from panicked citizens fearing inflation.⁷¹

The tendency to oust former Axis supporters also existed politically, the Allies fueled growing anti-Fascist sentiment by ensuring local governments were inclusive of all competing factions except for Fascists, de-Fascification existed as a matter of policy.⁷² The desire to balance this purge while maintaining the institutional knowledge required to govern effectively, contributed to the Allies developing the *scheda personale* a questionnaire designed to separate normal bureaucrats from die-hard Mussolini supporters.⁷³ The Allies also used multiple approaches to reset the Italian military and *Carabinieri*, or police forces. After some time, the Allied Military Government helped incorporate Italian military forces into the Allied offensive, with the Italian fleet running patrols and supplies between North Africa and Sicily, the Italian Air Force contributing a thousand sorties per month, and the Italian land forces reconstituted as the Italian Corps of Liberation.⁷⁴ To help with interoperability, the Italian land forces first observed and trained alongside Fifth US Army and British instructors before contributing to the seizure of Mount Marrone with Eighth US Army in 1944.⁷⁵ Under the guidance of the Public Safety Sub-Commission, refitting the *Carabinieri* proved difficult since the most available men and materiel first went towards the war effort. To solve this problem, Allies used older army stocks and staffed the police

⁷¹Ibid., 43.

⁷² Harry L. Coles and Albert Weinberg, *Civil Affairs: Soldiers Become Governors* (Washington, DC: Center of Military History, 1986), Chapter 7: Planning Joint Military Government Proves Highly Political, 160. This left a power vacuum since some Fascists served as the central governments institutional knowledge base. Some authors argue this indirectly allowed the rise of the mafia in Sicily and Italy. For further reading see Gene Santoro's *Mafia Allies: The True Story of America's Secret Alliance with the Mob in World War II*.

⁷³ Ibid., 124. This questionnaire later served as the basis for a similar questionnaire used during the German occupation, the *Fragebogen*.

⁷⁴ Ibid., 38. There was a tendency to use Italian forces in more mundane, logistics tasks rather than direct conflict due mainly to a level of distrust against a former Axis collaborator. Among the British, there was also a pervasive feeling of Italian inferiority influencing their decisions.

⁷⁵ Ibid. The Italian forces numbered some 30,000 in 1944 despite the Allies drawing from only a portion of the country in the zones they controlled. Eventually, land forces reached six total combat units with a strength around 300,000.

with personnel provided from prisoners of war and some repatriated troops to augment traditional recruiting programs.⁷⁶ For the police, the Allies emphasized ridding the organizations of Fascism, actively disbanding the *Ovra* or Mussolini's secret police, and using the *scheda personale* and other measures to "get rid of Fascist heritages of corruption."⁷⁷

The Allied Military Government in Occupied Territories and its associated agencies all did laudable work to prevent Italy from descending into chaos. Their collective effort allowed a degree of normalcy into the daily routine of most Italian citizens facing challenges. However, military actions even when augmented by a heavy dose of civil affairs, did not create an Italy rooted in long term regional stability, much less one ascribing to the visions of post-war order outlined by Roosevelt and Wilson. The sheer amount of cash the Allies injected into the Italian banking system to prop up the failing *lire* illustrated Italy's shaky financial footing.⁷⁸ If the Italian government did not have enough in their coffers, the Allied provided security certainly would dissipate following withdrawal, given the rapid expansion of the Italian *Carabinieri* and the presence of the mafia.⁷⁹ The primacy of military expediency also deserves attention. While the structural design to initially forgo civilian needs for military expediency potentially delayed Italy's recovery and contributed to internal strife, the Allies still had some hard fighting facing them and thus their preference for military necessity made sense. German combat power could easily unravel the most carefully designed civil assistance program if the proper security conditions were not set as a prerequisite. In assessing Allied performance, the immediate civil affairs actions definitely stabilized the situation in Italy—much as emergency medical technicians stabilize a dying patient—but their Italian patient was far from the healthy figure strategic leaders envisioned. Nevertheless, the security aspect

⁷⁶ Ibid., 59-60.

⁷⁷ Ibid., 79.

⁷⁸ Ibid. In addition to the initial deposit of \$840 million Italian *lire*, the Finance sub-commission lobbied US policy makers for more cash injections and helped shape economic policy. Section 2 covers these efforts in more detail.

⁷⁹ Ibid., 59. The Allies used Italian army uniforms and munitions to outfit 43,000 of the sanctioned 55,000 police to help quell local unrest.

cannot be overlooked, without security, even the most noble vision or comprehensive aid package would not prevail. Therefore, establishing security was indispensable, if an incomplete step, in realizing the American international vision. In order to accomplish that feat, the United States introduced deeper and more comprehensive reforms.

Economic Reform

The United States introduced reforms that balanced international economic theory with Italian concepts and culture. Italian concepts originated in Italy's academic institutions, specifically Bocconi University. The students in Bocconi University from the earlier vignette were adamant in their anti-fascist stance. Their conceptual debates reflected a larger referendum on the role of state policy and the national economy. Their aversion to the interventionism popularized in America through Roosevelt's New Deal policies was based off the collective Italian experience with Fascism and Mussolini.⁸⁰ Despite the negative connotation associated with fascism today, its ascendance in Italy did not follow the path of military autocracy. The Italian trend toward centralized state control and labor support began with the Industrial Revolution when leaders created national banks to extend credit for large modernization projects and expand foreign trade.⁸¹ This socialistic trend continued into Mussolini's regime, which came to power mostly through democratic processes and remained in power through mobilizing popular support, mostly through the disenfranchised southern peasants eager for some systematic change since the seventeenth century.⁸² Interestingly enough, Mussolini began not as the devout Fascist most closely aligned with his persona today, but as a government flunky who organized his "blackshirts"—groups of

⁸⁰ William Leuchtenberg. "When Franklin Roosevelt Clashed With the Supreme Court, and Lost," *Smithsonian Magazine*, May 2005. Through Roosevelt's economic programs such as minimum wage and forming a national labors relations board received legitimacy through Supreme Court rulings in 1936. Conversely, Mussolini's programs never had to contend with any third-party scrutiny.

⁸¹ *Ibid.*, 338.

⁸² Chris Brown and Kirsten Ailey, *Understanding International Relations* (New York, NY: St. Martin's Press, 2009), 23.

young men known for wearing black dress shirts—into an effective strike breaking collective.⁸³ One historical aphorism is that every political revolution ultimately requires middle-class popular support, and the fascist revolution proved no exception.⁸⁴ Again, the southern peasants illustrated their importance as they combined with the lower gentry to support both the charismatic Mussolini and the formation of the National Fascist Party in 1921. By 1922, Mussolini organized his collective band of supporters and thugs into a formidable regime and declared “I tell you with all the solemnity which the moment demands, it is a question of days, perhaps of hours. Either the Government will be given to us or we shall seize it by marching on Rome!”⁸⁵ Within days, Mussolini cowed Italy’s government leaders as tens of thousands of black shirted supporters swarmed the Roman streets and became Italy’s youngest Prime Minister at thirty-nine amid a chorus of popular support.⁸⁶ With a popular mandate, Mussolini set out to curb the anarchic conditions of the previous Socialist administration and return Italy to the collection of great states through modernization. There is a kernel of truth to the adage that at least Mussolini made the “trains run on time.” In an effort to restore Italy to the former greatness of the Roman Empire, he set out an aggressive program of modernization attempting to balance a “third way” between free market capitalism and the failed socialist state controls of his political predecessors.⁸⁷ This corporation centric approach largely succeeded and allowed some Italian firms such as Fiat and Pirelli to flourish. It was this widespread success and promise of a brighter future that enamored Hitler with Fascism, leading to the Italy’s and Germany’s doomed partnership. After Mussolini’s fall, memories of his centralized planning and forced modernization programs ensured an almost national aversion to interventionist government policies in the

⁸³ Martin Blinkhorn, *Mussolini and Fascist Italy* (New York, NY: Routledge, 1984), 35.

⁸⁴ Dr. Stephen A. Bourque in a lecture to the School for Advanced Military Studies, Seminar 1 on 13 August, 2014, Fort Leavenworth, KS. Dr Bourque used the example of the American and French Revolutions to illustrate the concept of how revolutions rarely spring from widespread proletariat revolt but more often from unsettled middle class grievance.

⁸⁵ Luigi Villari, *The Awakening of Italy: The Fascista Regeneration* (London, 1924), 171-188.

⁸⁶ Martin Blinkhorn, *Mussolini and Fascist Italy* (New York, NY: Routledge, 1984), 30.

⁸⁷ *Ibid.*, 38.

economy as seen in the story in Bocconi University. This feeling would shape the Marshall Plan's implementation on the peninsula. But the Italian sentiment also had to contend with international economic theory suggesting more government intervention, especially given academic debates occurring in United States at Bretton Woods.

In 1944, the world's leading economic minds met at Bretton Woods, New Hampshire to discuss the economic future of the world. The Bretton Woods Conference saw impassioned debates on which economic policies would best promote peace and economic stability. The subtext to this discourse was gaining a consensus on the economic theory that would stabilize Italy, Europe and prevent another war born of economic conditions. Over the long term, the Bretton Woods System took the momentous step of establishing an integrated, open global market. To be successful, the precepts fueling discourse at Bretton Woods would have to conquer adversarial economic views emerging in Italy due to her specific history with Mussolini. The economic thought inherent in the Marshall Plan had its roots in a mix of classic free market economics combined with centralized economic planning. During the New Deal, Roosevelt established the precedent for governments to regulate the economy in direct contrast to the *laissez-faire* political outlook.⁸⁸ The Italian word for this political concept was *liberalismo*, which meant an economy free of government intervention that only responded to the market forces of supply and demand.⁸⁹ This free market economy stood in sharp contrast to the centralized, state controlled economic practices of the Mussolini era.⁹⁰ In Italy, policy makers found it difficult to reconcile the idea of government economic intervention with the memories of Mussolini's Fascism and centralized control. While Socialist,

⁸⁸ Paul Einzig, *Monetary Reform in Theory and Practice* (New York, NY: Routledge, 2013), 55-57. As part of the New Deal policies, Roosevelt floated the dollar away from the gold standard in a deliberate attempt to depreciate its value. When the Supreme Court upheld this decision as within the constitutional bounds of the President, it set a precedent for the executive office to extend its authority into national fiscal and monetary policy, an important precedent for establishing international fiscal and monetary initiatives.

⁸⁹ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, NY: Cambridge University Press, 1987), 6.

⁹⁰ Ibid.

centralized economic control may have stunted economic growth, at least Italy's economy prior to the war was functional. Despite Mussolini's regime increasing the circulation of currency eighteen times between 1938 and 1945, price controls kept the average Italian from facing runaway inflation rates.⁹¹ However, this also meant that once price controls evaporated, some inflation was inevitable such as the type the Ghiringhelli family faced when trying to purchase food. This sort of centralized control best characterized the Mussolini economy, a trend that denied Italy the benefits of a free market but allowed forms of industrialization and modernization through coercive policy.⁹² After flirting with a bank collapse in 1933, the Fascists created the *Istituto per la Ricostruzione Industriale*.⁹³ Using that agency, the Italian government controlled fifty-three percent of the country's telephone lines, sixty-two percent of the iron and steel production, employed 300,000 workers, and was responsible for twenty percent of Italy's total economic output.⁹⁴ The ultimate failure of Mussolini's centralized policies influenced subsequent academics.

In the late 1940's, Dr. Giovanni Demaria led a new model of Italian economic thought advocating *liberalismo* citing Italy's expanding economy between 1900-1914 and 1922-1929 as evidence.⁹⁵ Demaria's views typified that of many post-war Italian economists. The economics department at Milan's Bocconi University sought a classical, pre-Keynesian, liberal economy that valued limited government intervention.⁹⁶ Standing contrary to this view at the Bretton Woods Conference was British economic theorist John Maynard Keynes, who would finally see the opportunity to implement a modified form of his theory. Already a legend in his twilight years in 1944 (he would die two years later), the Keynesian

⁹¹ Thayer Watkins, "The Economic History of Italy," *San Jose State Department of Economics*, accessed January 10, 2015, <http://www.sjsu.edu/faculty/watkins/italy1.htm>.

⁹² Martin Blinkhorn, *Mussolini and Fascist Italy* (New York, NY: Routledge, 1990), 34.

⁹³ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, NY: Cambridge University Press, 1986), 3.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*, 5.

⁹⁶ *Ibid.*, 6.

approach primarily sought to use public spending to prevent recessions while government regulation curbed private over-speculation.⁹⁷ He fully articulated this view in his 1930 *Treatise on Money*, where he advocated against the classical economic theory where the “invisible hand” (similar to *liberalismo*) of supply and demand maintained market stability.⁹⁸ Instead, Keynes advocated government intervention to shape monetary policy. Consistent with these beliefs, Keynes saw an opportunity to apply this logic on an international scale, and proposed a plan at Bretton Woods where the International Monetary Fund acted like a true world bank. This bank, to be located in London, would retain the ability to employ an international reserve currency based on the British pound called “bancor” to stimulate global markets through quantitative easing.⁹⁹ Offering a counter solution to Keynes was the relatively unknown US Treasury employee Dexter White. White designed a stabilization fund that pegged foreign currencies to the US dollar while specifically defining the dollar’s value.¹⁰⁰ Despite this difference, at their core, both Keynes and White thought interstate trade mitigated conflict through a world economy based on cooperative competition and the free flow of capital.¹⁰¹ This concept birthed the International Monetary Fund (IMF) and laid the fiscal groundwork enabling the Marshall Plan to succeed. Without the

⁹⁷ Chris Brown and Kirsten Ainley, *Understanding International Relations* (Basingstoke: Palgrave Macmillan, 2009), 155.

⁹⁸ Ben Steil, “Keynes and Money: A Man Obsessed?,” *Making Sense*, 19 July, 2013, accessed January 13, 2015, <http://www.pbs.org/newshour/making-sense/keynes-and-money-a-man-obsessed/>. Ben Steil is a senior fellow and director of international economics at the Council on Foreign Relations.

⁹⁹ Ibid. Quantitative easing is a tactic where a central bank purchases large quantities government bonds and other securities in a sluggish economy. This sudden increase in demand causes the price of bonds to rise, which lowers interest rates. Lower interest rates encourage banks to lend and consumers to spend, pulling an economy from its slump.

¹⁰⁰ James Boughton, “Dirtying White: Harry Dexter White and the History of Bretton Woods,” *The Nation* from the Institute for New Economic Thinking, June 10, 2013, accessed January 25, 2015, <http://ineteconomics.org/blog/inet/dirtying-white-harry-dexter-white-and-history-bretton-woods>; Office of the Historian, Bureau of Public Affairs, United States Department of State, *Nixon and the End of the Bretton Woods System, 1971 – 1973*, accessed January 25, 2015, <https://history.state.gov/milestones/1969-1976/nixon-shock>.

¹⁰¹ James Boughton, “Dirtying White: Harry Dexter White and the History of Bretton Woods,” *The Nation* from the Institute for New Economic Thinking, June 10, 2013, accessed January 25, 2015, <http://ineteconomics.org/blog/inet/dirtying-white-harry-dexter-white-and-history-bretton-woods>.

international recognition of the primacy of the US economy in the international market and the default global reserve currency of dollars, implementing the Marshall Plan would have been nearly impossible. Furthermore, even with the framework now established through the IMF for transnational economic cooperation, the structure alone failed to stem post-war calamity as seen in Greece. These shortcomings also established an opportunity for further action in the form of the Marshall Plan.

While many in the State Department recommended direct involvement to force foreign compliance, Marshall stood firm in his belief that Europeans had to own their own regional solutions. Others policy makers, most notably Secretary of Treasury Hans Morgenthau advocated the United States actively shape a new world order. In his view, the United States could ensure economic integration by permanently relegating belligerents like Germany into purely agricultural states so they would never again pose a threat.¹⁰² According to Morgenthau, pure benevolence only existed at the personal level, and he based strategic policy on pursuing interest defined as power, a view other policy makers undoubtedly shared.¹⁰³ These views eventually solidified into his namesake Morgenthau Plan, advocating the destruction of German industrial war production capacity.¹⁰⁴ This concept was anathema to Marshall. Perhaps recalling the need for finesse and latitude when maintaining a coalition from his experience overseeing the Allied war effort, he was firm in his belief that recipient states controlled their own

¹⁰² Hans Morgenthau, *Scientific Man* (Chicago: University of Chicago Press, 1946) 194 -195. Morgenthau popularized a brand of pessimistic international realism where individual human frailty was the cause for the anarchic conditions. As the US Secretary of Treasury, his desire to turn Germany into a pastoral state belies the idea that the Marshall Plan was just was a way to reopen markets for American goods. Even at the highest levels, strategic thinkers who dealt with objective economic business like Morgenthau wanted to punish the belligerents, damage to the US economy be damned.

¹⁰³ Hans Morgenthau, *Politics Among Nations* (New York: Alfred J. Knopf, 1973), 5-12. Interestingly, Morgenthau was against binding international agreements as they tended to violate his power principle, citing a League of Nations paradox that almost saw France and Britain declare war on Russia for violating the international norms by invading Finland. This meant France and Britain almost declared war on France and Germany simultaneously. Swedish refusal to allow them to maneuver through her borders denied this diplomatic blunder.

¹⁰⁴ Volker R. Berghahn. "The Marshall Plan and Recasting of Europe's Postwar Industrial Systems" in *The Marshall Plan: Lessons Learned for the 21st Century*, edited by Elliot Sorel and Pier Carlo Padoan (Paris: Organisation [sic] for Economic Co-operation and Development Publishing, 2008), 32.

affairs.¹⁰⁵ In Italy, that meant that despite the already established Keynesian economic preference for centralized government control, the United States allowed Italians to explore their ideas of *liberalismo*. Still, Marshall understood that there needed to be some coercive mechanism to allow the United States to shape behavior. This forcing function was counterpart funds. Under the counterpart fund policy, the United States (through their embedded administrators in Italy) retained revenues from Italy's sale of American provided goods. The administrators withheld releasing the funds back into the economy until Italy produced acceptable investment plans for stability and growth, plans congruent with American international design goals.¹⁰⁶ The Italian government also had a much more practical reason for adhering to Washington's suggestions beyond simple faith in American industry. Italian Foreign Minister Carlo Sforza received guidance from the ambassador's office in Paris to follow the Marshall Plan agreement "not for reasons of general principle, but exclusively for our interest. The Americans, and only the Americans can defend us."¹⁰⁷ The Ambassador's guidance reinforced the nexus between economy and security.

Another key component in the Marshall Plan's successful implementation in Italy was its multi-disciplinary force composition. Rather than just being another bureaucratic agency, the Economic Cooperation Administration, the European Recovery Program's action arm, boasted talent from across government agencies, political parties, and the private sector. For example, the chief administrator Paul Hoffman was also the president of the Studebaker Corporation. In his simple, corporate manner he characterized the Marshall Plan and Economic Cooperation Administration as a tool "to get Europe on its

¹⁰⁵ Theodore A. Wilson, *The Marshall Plan: An Atlantic Venture of 1947-1951 and How it Shaped Our World* (New York, NY: Headline Series 236, 1977), 36.

¹⁰⁶ Chiarella Esposito, *America's Feeble Weapon: Funding the Marshall Plan in France and Italy, 1948 – 1950* (Westport, CT: Greenwood Press, 1994), 128. In Italy, administrators used counterpart funds to force the Italian Central Bank to inject more *lire* into the economy consistent with British and American Keynesian economic theory. Without this, the *liberalismo* school of thought was much more likely to emerge.

¹⁰⁷ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, NY: Cambridge University Press, 1987), 161.

feet and off our backs.”¹⁰⁸ This somewhat direct, corporate, attitude allowed him to view Europe and Italy’s problems through a corporate lens versus an international, diplomatic lens. This meant he wanted to reduce lag time for supplies, boost productivity, and gain an appreciation for his customer’s needs. In order to gain this appreciation for the Italy’s unique needs and other recipient countries, he deployed a chief of mission to Italy while maintaining a deputy office in Paris. The Paris office proved key, as it served as the strategic, international interface between the Economic Cooperation Administration and the Organization for European Economic Cooperation where the European countries produced their requirements. Within Italy, planners applied past American solutions within the new, Italian context. That meant creating the *Cassa per il Mezzogiorno*, modeled after the Tennessee Valley Administration, to help improve southern conditions and Italy’s infrastructure.¹⁰⁹ Italians also saw an expansion of social welfare spending. By 1948, the Italian government spent twenty-seven percent of her gross national product on social programs, ten percent higher than what they spent in 1938 under the embodiment of Socialism, Mussolini.¹¹⁰ Italian scouts also visited Kansas City to observe firsthand the agricultural processes the Future Farmers of America used to help revitalize their agrarian sector.¹¹¹ A key part of any corporate campaign was advertising, and the Economic Cooperation Administration marketed their efforts to the Italian people directly. Hoffman wanted his publicity campaign to “use every method possible...to reach

¹⁰⁸ Anonymous, “A New Year for the ECA,” in *The Harvard Crimson*, September 29, 1949, accessed January 31, 2015, <http://www.thecrimson.com/article/1949/9/29/new-year-for-eca-pthe-appropriation/>.

¹⁰⁹ David W. Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction* (New York: Longman Publishing, 1992), 147. ECA planners used the agency to develop infrastructure in southern Italy to decrease disparity between the North and South. It also helped solve the unemployment problem (the country team estimated Italy’s economy needed to absorb 1.2 million workers) by allowing southern workers to commute north.

¹¹⁰ Peter Flora, *State, Economy and Society in Western Europe 1815-1975. A Data Handbook* (London, UK: Macmillan Press, 1983), Chapter 8.

¹¹¹ Theodore A Wilson, *The Marshall Plan: An Atlantic Venture of 1947 – 1951 and How It Shaped Our World* (New York: Headline Series 236, 1977), 43.

Giuseppe in the factory and Giovanni in the fields.”¹¹² This particular theme underscored another American initiative, to change the concept of organized labor from a communist connotation to one that contributed to the European Recovery Program’s vision of peace, a tacit acknowledgement of Mussolini’s influence on Italian history.¹¹³

Within the first year of European Recovery Program aid, Italy's exports rose thirty percent.¹¹⁴ Each European nation had individual challenges to face, the chief Italian concern being unemployment.¹¹⁵ During the dialogue with American administrators, Italian policy makers required approximately 1.2 million additional jobs to help support Italy's modernization programs, absorb returning displaced civilians, and integrate the demobilized military.¹¹⁶ For the Americans, the outlook was to use public works to help solve the employment problem and improve Italy's internal logistics architecture raising their efficiency and competitiveness in the export market. This was part of solidifying the interdependent American international vision. Luckily, the Italian government agreed, though some business leaders wanted to focus specifically on Italy's more recognizable brands and competencies like Fiat and Pirelli.¹¹⁷

The economic reforms and aid packages undoubtedly helped catalyze Italy’s recovery. The rise in production, exports, and employment after immediate post-war stagnation, calls the “Marshall Plan as unnecessary” argument into question. Italy’s economic recovery also rested on a premise of security, as

¹¹² FR Shea, “Letter to Berding,” *Country Files 1948-1949, Italy Publicity and Information*, Chief Field Branch, European Information Division, February 24, 1949.

¹¹³ David W. Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction* (New York: Longman Publishing, 1992), 163.

¹¹⁴ Public Information, *European Recovery Program: Italy Country Study* (Washington, DC: Government Printing Office, 1949), 3. The commission chose to measure Italy's against their pre-war condition choosing 1938 as a baseline for comparison. This recovery competed against previous export figures that also included exports to former Italian colonies, making it that more impressive.

¹¹⁵ *Ibid.*, 4.

¹¹⁶ *Ibid.*

¹¹⁷ John Harper, *America and the Reconstruction of Italy, 1945-1948* (New York, NY: Cambridge University Press, 1987), 17.

seen in the exchange between Minister Sforza and the Italian Ambassador. The final step remained, stabilizing the region to prevent conflict from undoing the security and economic gains.

Regional Stability

The 80th United States Congress and Taft's ascendance proved challenging for leaders advocating more foreign aid in the wake of World War II. The isolationist attitude Taft and his Republican Congress embodied stood contrary to a long held American vision about the way the European region and the world should work. Uniquely American, strategic leaders since Wilson advocated spreading universal rights by combating the economic conditions of poverty and strife that often erupted into conflict.¹¹⁸ While strategic leaders may have understood how aid could remove the conditions leading to war, convincing taxpayers that their hard-earned dollars were well spent on remote and hard to pronounce places was another matter. For Italy and Europe after World War II, linking aid to the growing threat of expanding communism couched aid in terms of regional stability. This plausible connection enabled the Marshall Plan's passage and the final realization of the long-held strategic vision.

The Marshall Plan and regional stability were an outgrowth of a uniquely American international outlook. Within the context of World War II, policy makers in Washington started preparing for the end of the war and constructing a livable peace as early as 1941, when President Roosevelt outlined his vision for post-war order during his State of the Union Address naming this program four freedoms.¹¹⁹ The four freedoms—freedom of speech and expression, freedom of worship, freedom from want, and freedom from fear—demonstrated the United States' vision and commitment to shaping the post-war international order. Expanding on the third freedom, Roosevelt said, “when translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants –

¹¹⁸ Walter Mead, *Special Providence: American Foreign Policy and How it Changed the World* (New York: Routledge, 2002), xvii.

¹¹⁹ David W. Ellwood, *Rebuilding Europe: Western Europe, America and Postwar Reconstruction* (New York: Longman Publishing, 1992), 20.

everywhere in the world.”¹²⁰ Other policy makers sent more strategic messages supporting this US vision. In 1942, Secretary of State Cordell Hull announced “When the armies of our enemies are beaten the people of many countries will be starved and without means of procuring food; homeless and without means of building shelter. . . In some countries confusion and chaos will follow the cessation of hostilities. Victory must be followed by swift and effective action to meet these pressing human needs.”¹²¹ The roots of the post-war vision stretched back even further, to World War I and President Woodrow Wilson.¹²² In his 1918 speech on war aim and peace terms, his Fourteen Points established the original post-war peace blueprint Roosevelt would later emulate.¹²³ While Wilson’s goals seem more specific and less ideologically lofty than Roosevelt, the basic premise of free trade markets with open access remained consistent. This concept specifically emerges in point three: “The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all nations consenting to the peace and associating themselves for this manner.”¹²⁴ Though today the Fourteen Points are most closely associated with the ill-fated League of Nations, they also illustrated Wilson’s understanding of how contested economic conditions contributed to international instability, which conflicted with the national interest. When the Senate failed to ratify the treaty and subsequent

¹²⁰ Theodore Roosevelt, *Message to Congress, 1941* in a dictation to Sam Rosenman, accessed 22 November, 2014, www.fdrlibrary.marist.edu/fourfreedoms.

¹²¹ Division of Public Information, *The Office of Foreign Relief and Rehabilitation Operations*, Department of State (Washington, DC: Government Printing Office, 1943), 3, accessed November 21, 2014, <http://babel.hathitrust.org/cgi/pt?id=uc1.b5065086;view=1up;seq=7>. Secretary Hull made the comments as part of a world-wide broadcast on July 23, 1942.

¹²² Walter Mead, *Special Providence: American Foreign Policy and How it Changed the World* (New York: Routledge, 2002), xvii. Reaching further beyond Wilson, Yale University Foreign Policy professor Walter Mead argues that the American outlook toward foreign policy has even deeper roots, originating with Hamilton in the 18th century. Hamilton favored a close nexus between the central government, business, and access to foreign markets similar to the mercantile British tradition.

¹²³ Ibid.

¹²⁴ Woodrow Wilson, *War Aims and Peace Terms*, 8 January 1918, accessed November 21, 2014, www.ourdocuments.gov/doc.php?doc=62.

entry into the League of Nations, Wilson made the predictive suggestion that failure to intervene internationally would lead to another great war within a generation.¹²⁵

Wilson's views also influenced future American leaders who carried the vision regardless of the domestic opposition. One such person was 1933 President Herbert Hoover. During World War I, he served on Wilson's Supreme Economic Council and headed the American Relief Administration that fed starving millions in Central Europe.¹²⁶ After the war, Hoover continued his government service as Secretary of Commerce through two more Presidential administrations before ascending to the Presidency himself in 1928.¹²⁷ While President, Hoover never forgot the impact of his time working to stave off starvation as part of the relief effort under Wilson, whom he lionized as a political mentor.¹²⁸ Hoover's respect for Wilson ran so deep, he actually published the book *The Ordeals of Woodrow Wilson* chronicling his mentor's battles to achieve their shared international vision.¹²⁹ When President Franklin Roosevelt subsequently unseated Hoover amidst the crisis of the Great Depression, the US view towards the post war structure received domestic validation as part of Roosevelt's New Deal legislation.¹³⁰

Roosevelt's sweeping domestic reforms, fusing bureaucratic and financial and business efforts, injecting capital into the market through organized labor, deficit spending, abandoning the gold standard, and enacting regulatory agencies such as the Securities and Exchange Commission, foreshadowed some

¹²⁵ Frank Freidel and Hugh Sydney, *Presidents of the United States of America* (Washington DC: White House Historical Association, 2006), accessed November 29, 2014, <http://www.whitehouse.gov/about/presidents/woodrowwilson>.

¹²⁶ Ibid.

¹²⁷ Ibid.

¹²⁸ Ibid.

¹²⁹ Timothy Waltch, "The Ordeals of a Biographer: Herbert Hoover Writes about Woodrow Wilson" in *Prologue Magazine*, Fall 2008, accessed November 21, 2014, www.archives.gov/publications/prologue/2008/fall/hoover-wilson.html.

¹³⁰ Frank Freidel and Hugh Sydney, *Presidents of the United States of America* (Washington DC: White House Historical Association, 2006), accessed November 29, 2014, <http://www.whitehouse.gov/about/presidents/franklindroosevelt>.

of the efforts later put into place at the international level through the Marshall Plan.¹³¹ In fact, the official military assessment of the Allies' Mediterranean reconstruction efforts contains a chapter entitled the "New Deal for Italy."¹³² Hoover actually believed Roosevelt's social structuring, with federal projects and financial aid was actually a form of socialism in the same vein as Hitler and Mussolini's policies. Still, the US Supreme Court eventually upheld Roosevelt's social engineering.¹³³ The experience reinforced the American post-war vision, now empirical evidence upheld by legal opinion proved government action could direct not just policy, but direct and regulate entire national markets and industry, an unprecedented concept in American politics.

This thread continued throughout the US State Department as well. Dean Acheson was the Secretary of State in the Roosevelt administration and Under Secretary of State under James Byrnes in President Harry Truman's administration. An influential figure, Acheson helped craft the containment strategy and the Marshall Plan, and also seemed to share the prevalent strategic vision. In his office, two pictures hung, the two framed portraits depicted John Quincy Adams and Henry Stimson. Stimson specifically served as Secretary of State under Herbert Hoover before serving as the Secretary of War for Roosevelt.¹³⁴ Clearly, there was a continuous conceptual thread throughout American foreign policy leading up to the Marshall Plan's introduction.

¹³¹ Anonymous, "The New Deal" in the *Roosevelt Institute*, accessed November 27, 2014, <http://rooseveltinstitute.org/policy-and-ideasroosevelt-historyfdr/new-deal>.

¹³² Public Relations Branch, *A Review of Allied Military Government and of the Allied Commission in Italy: July 10, 1943 D-Day Sicily to May 2, 1945 German Surrender in Italy* (Washington, DC: Government Printing Office, 1945), 64.

¹³³ Herbert Hoover, *Personal Letter to Bruce Barton*, 3 October 1933, accessed November 28, 2014, <http://www.gilderlehrman.org/history-by-era/new-deal/resources/herbert-hoover-great-depression-and-new-deal-1931%E2%80%931933>; William E. Leuchtenberg, "When Franklin Roosevelt Clashed With the Supreme Court, and Lost," *Smithsonian Magazine*, May 2005, accessed November 27, 2014, <http://www.smithsonianmag.com/history/when-franklin-roosevelt-clashed-with-the-supreme-court-and-lost-78497994/?no-ist>.

¹³⁴ Anonymous, "Cold Warriors – Dean Acheson," *Encyclopedia of the New American Nation*, accessed 29 December, 2014, www.americanforeignrelations.com/A-D/Cold-Warriors.

In Italy and elsewhere, the Marshall Plan supported a larger strategy to contain communist expansion. This containment was a natural corollary, since communism undermined the realization of the American international vision. This provided the theoretical justification for changing the US policy toward communism and the Soviet Union from the friendly basis that existed during the war. Beyond theory, Soviet actions provided practical evidence reinforcing the theory, particularly in Greece. The pervasive feeling throughout Europe was that the era of nationalism failed. Instead of its promised prosperity, nationalism brought widespread destruction, genocide, and misery to Europe.¹³⁵ For many, communism provided the perfect counter-narrative to the nationalistic failings of this old European regime, and its appeal threatened to undermine the American vision for the post war order. Instead of concentrating wealth and means in the hands of the few and capable, communists promised a more democratic distribution of assets. Instead of identifying along defined nationalistic lines or state boundaries, communism transcended old borders in favor of the supranational working class.¹³⁶ Perhaps most importantly, after withstanding the worst of the fighting and suffering nearly thirty-million casualties, many throughout Europe recognized the Soviet Communists as the true victors of World War II only adding to communism's allure.¹³⁷ In Italy, tension between the political and partisan arms of the liberal revolution further added to communism's attractiveness. The communist-leaning partisans felt they earned their mandate to govern through the bullet, not the ballot. Italian partisan leader Walter Sachhetti captured this sentiment with his assertion "*Siamo noi che vi abbiamo liberato* – (It was *we* who liberated you)."¹³⁸ Given this dynamic, America wanted to use aid to help re-establish norms and the democratic sovereignty as quickly as possible, before partisan communist movements gathered momentum.

¹³⁵ David W. Ellwood, *Rebuilding Europe: Western Europe, America and the Postwar Reconstruction* (New York, NY: Longman Group, 1992), 10-15.

¹³⁶ *Ibid.*, 13-15.

¹³⁷ *Ibid.*, 14.

¹³⁸ Keith Lowe, *Savage Continent: Europe in the Aftermath of World War II* (New York, NY: St Martin's Press, 2000), 280.

Within this context, theoretical evidence behind the idea to contain Soviet expansion materialized through Winston Churchill's fiery Iron Curtain speech, George Kennan's bombshell essay for Foreign Affairs magazine, and analysis throughout the US State Department. Churchill painted a bleak picture of Soviet intentions during his 1946 speech at Westminster College, delivered in Truman's hometown. Famous for his characterization of Soviet expansion and repression as an Iron Curtain, Churchill said in his speech "... all these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject in one form or another, not only to Soviet influence but to a very high and, in many cases, increasing measure of control from Moscow."¹³⁹ Pertaining specifically to Italy, Churchill continued, "In Italy the Communist Party is seriously hampered by having to support the Communist-trained Marshal Tito's claims to former Italian territory at the head of the Adriatic."¹⁴⁰ The practical evidence Truman needed to codify a national policy aimed at containing the Soviets existed in Greece. There, blatant Soviet intervention on behalf of communist guerrilla fighters undermined any chance of a peaceful Greek recovery and left the country on the edge of collapse.

Kennan was uniquely qualified to analyze and assess Soviet intentions and strategy. By 1947, he was a veteran American diplomat to the Soviet Union and Chief of Mission in the US embassy.¹⁴¹ Writing under the *nom de plume* "X," he firmly asserted that the Soviet Union wanted nothing less than world domination under a communist regime. "[Antagonism between capitalism and Socialism] means that there can never be on Moscow's side any sincere assumption of a community of aims between the

¹³⁹ Winston Churchill, "The Sinews of Peace," March 5, 1947, Westminster College, Fulton, MO, accessed 3 January, 2015, <http://www.winstonchurchill.org/learn/biography/in-opposition/qiron-curtainq-fulton-missouri-1946/120-the-sinews-of-peace>.

¹⁴⁰ Ibid. Marshal Tito founded present day Yugoslavia unifying the country through the idea of national communism.

¹⁴¹ Office of the Historian, Bureau of Public Affairs, United States Department of State, *Milestones: 1945-1953, Kennan and Containment*, 1947, accessed 30 December 2014, <https://history.state.gov/milestones/1945-1952/kennan>.

Soviet Union and powers which are regarded as capitalist.”¹⁴² Given this dynamic, the only plausible policy would be one aimed at countering prolonged communist expansion through containment, Kennan argued.¹⁴³

Developments in the State Department at large solidified the United States’ emerging stance toward the Soviets. Amidst the chaos of the Greek civil war, Great Britain announced that all aid to Greece would soon cease. With this announcement, Great Britain essentially vacated their traditional duty as Europe’s stabilizer. The envoys delivered the message “on a blue piece of paper,” embassy code for formal and important messages directly from His Majesty’s Government. Their hope was that the United States could assume the burden within the new vacuum.¹⁴⁴ This incident illustrated the limitations to some of the immediate post-war structures designed to deal with such issues and allow America to return to normalcy, specifically the International Monetary Fund and the International Bank for Reconstruction and Development.¹⁴⁵ This meant that America would have to take an even more prominent role if she wanted to secure her vision and stabilize the European region.

Undersecretary of State Dean Acheson and other State Department officials knew convincing Americans to give more financial aid would be no easy task. In a tale illustrative of this post war American exasperation, a Midwest farmer heard John Deere delayed his tractor delivery to send farming equipment to Czechoslovakia.¹⁴⁶ He immediately complained to his congressman saying he could make much better use of the equipment than “any blasted Czech peasant!”¹⁴⁷ His attitude represented a national

¹⁴² George Kennan writing as X, “The Sources of Soviet Conduct,” *Foreign Affairs*, July 1947, accessed December 29, 2014, <http://www.foreignaffairs.com/articles/23331/x/the-sources-of-soviet-conduct>.

¹⁴³ Ibid.

¹⁴⁴ Dean Acheson, “The Decision to Help Greece and Turkey,” in *Present at the Creation: My Years at the State Department*, 1967, accessed December 29, 2014, <http://teachingamericanhistory.org/library/documents/the-decision-to-help-greece-and-turkey>.

¹⁴⁵ Theodore Wilson, *The Marshall Plan: 1947 -1951* (New York, NY: Headline Series, 1977), 13.

¹⁴⁶ Ibid., 14.

¹⁴⁷ Ibid.

feeling as rising conservatism and isolationism occurred within an economic context of inflation and supply shortages. To secure a \$400 million Congressional appropriation supporting Greece and Turkey in the wake of England's blue memo abdication, President Truman outlined his namesake Truman Doctrine to a joint session of Congress in March 1947.¹⁴⁸ He emphatically declared "It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or outside pressures."¹⁴⁹ Still, the need to support Italy and Europe was about more than just countering the communist threat. Evidence supports the idea that policy makers perhaps overplayed expansionist communism to make an increase in European aid domestically palpable. Large aid programs were already unpopular given rationing, as seen by the angry farmer without his John Deere tractor. Furthermore, elections in 1947 voted in an increasingly isolationist and republican congress, as Senator Taft's story attests.¹⁵⁰ Acheson admitted to some hyperbole in his dire warnings against an expanding communist-tide, saying they spoke "clearer than the truth."¹⁵¹ This was unavoidable in his mind, since Americans and their Congress would not continuously send money for the benign purpose of combating hunger and poverty.¹⁵² His warnings also diverged from previous attempts to work with the Soviet Union and incorporate them into the international post-war order, most notably in his failed recommendation to

¹⁴⁸ Harry Truman, "President Truman's Message to Congress; March 12, 1947; Document 171; 80th Congress, 1st Session," *Records of the United States House of Representatives*; Record Group 233; National Archives, accessed January 10, 2015, <http://www.ourdocuments.gov/doc.php?flash=true&doc=81>. Though the Soviet Union is never mentioned specifically, this quoted line characterized the nature of Soviet operations to expand into satellite countries.

¹⁴⁹ Ibid.

¹⁵⁰ Theodore Wilson, *The Marshall Plan: 1947 -1951* (New York, NY: Headline Series, 1977), 36.

¹⁵¹ James Chase, *Acheson: The Secretary of State Who Created the American World* (Cambridge, MA: Harvard University Press, 1999), 17.

¹⁵² Ibid. During the emergency appropriation, Acheson warned members of Congress that instability in Greece and Turkey was symptomatic of a larger problem stemming from British decline, Soviet expansion, and failure of European nations to regain economic vitality.

Truman to share the US atomic energy monopoly with the Soviets and regulate its use through an international agency.¹⁵³

By packaging containment, foreign aid, and regional security American policymakers achieved a longstanding international vision and set conditions for an enduring peace. While expanding communist zones were real enough as seen in Greece, policymakers consciously decided to amplify the communist threat, as Acheson attested.¹⁵⁴ They did this in order to pass politically sticky aid measures, demonstrating a willingness to expend political capital in pursuit of global institutions reflecting American values and norms. To convince the skeptics in Congress and the public, Truman formed the bi-partisan Harriman Committee to produce a report on the Marshall Plan's effect and cost. Their final recommendation captured the shifting sentiment succinctly, "The United States has a vital interest—humanitarian, economic, strategic, and political—in helping the participating countries to achieve economic recovery."¹⁵⁵

Conclusion

By viewing Italy holistically, the United States government realized its international vision in Italy through internal security, economic reform, and external regional stability. Today, the Marshall Plan's legacy still resonates throughout foreign policy, the European Union perhaps being a natural outgrowth of the provisions, systems, and interdependencies the Marshall Plan introduced.¹⁵⁶ Many foreign policy experts and international relations theorists attribute the current, historic long peace, Pax

¹⁵³ David E. Lilienthal, Chester I. Barnard, J.R. Oppenheimer, Charles Thomas, and Harry Winne, *The Acheson-Lilienthal Report: A Report on the International Control of Atomic Energy* (Washington, DC, Government Printing Office, 1946), 21-25.

¹⁵⁴ Dean Acheson, "The Decision to Help Greece and Turkey," from *Present at the Creation: My Years at the State Department*, 1967 accessed December 29, 2014, <http://teachingamericanhistory.org/library/documents/the-decision-to-help-greece-and-turkey>.

¹⁵⁵ Stanley Hoffman and Charles Maier, *The Marshall Plan: A Retrospective* (Boulder, CO: Westview Press, 1984), 16, accessed February 10, 2015, http://marshallfoundation.org/library/wp-content/uploads/sites/16/2014/05/The_Marshall_Plan_A_Retrospective.pdf.

¹⁵⁶ Walter Mead, *Special Providence: American Foreign Policy and How it Changed the World* (New York: Routledge, 2002), 11.

Americana, and even the vague notion of American Exceptionalism directly to the Bretton Woods System and the reforms the Marshall Plan introduced.¹⁵⁷

Hopefully, the context that birthed the Marshall Plan illustrates the primacy of strategic vision in unifying and enabling operational action as evident in Italy and throughout Europe. President Barack Obama demonstrated the consistency of America's economic national interest in the latest National Security Strategy, a consistent and shared vision for how the world should look may not exist with the same consistency as during the 1918-1945 era.¹⁵⁸ Also, it seems increasingly clear that even if a military campaign concludes after meeting its termination criteria, some hybrid form of civil-military actions tends to persist. The Allies recognized the need to secure the civilian population back in 1943 and took appropriate measures to do so. Today, Lieutenant General Herbert R. McMaster, director of the Army Capabilities and Integration Center, summarized the largest problem facing the military not as winning the tactical fight, but consolidating gains post bellum.¹⁵⁹ In the same vein, current Army Chief of Staff General Raymond Odierno outlined ideas of persistent engagement through regionally aligned forces,

¹⁵⁷ Richard Haas and Robert Litan, "Globalization and Its Discontents: Navigating the Dangers of a Tangled World," *Foreign Affairs*, May-June 1998, accessed February 10, 2015, <http://www.foreignaffairs.com/articles/54009/richard-n-haass-and-robert-litan/globalization-and-its-discontents-navigating-the-dangers-of-a-ta>; Joseph Nye, "Toward a Liberal Realist Foreign Policy," *Harvard Magazine*, March-April 2008, accessed February 10, 2015, <http://harvardmagazine.com/2008/03/toward-a-liberal-realist.html>; Fareed Zakaria, "On Foreign Policy, Why Barack is Like Ike," *Time Magazine*, December 19, 2012, accessed February 10, 2015, poy.time.com/2012/12/19/on-foreign-policy-why-barack-is-like-ike/.

¹⁵⁸ Barack Obama, *National Security Strategy* (Washington, DC: Government Printing Office, 2015), 15-16; Barack Obama, *Sustaining Global Leadership: Priorities for the 21st Century* (Washington, DC: Government Printing Office, 2012), Foreword; Barack Obama, *Remarks by the President in Address to the Nation on the Ways Forward in Afghanistan and Pakistan*, United States Military Academy, December 2009, accessed January 10, 2015, www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan. During his announcement of the 2009 surge in Afghanistan, President Obama correlated security and economy stating, "Our prosperity provides the foundation for our power."

¹⁵⁹ HR McMaster in a lecture to the Command and General Staff College, September 2014, Fort Leavenworth, KS. Lieutenant General McMaster outlined three primary concern areas that future military leaders would have to contend with. One of these was the idea of being able to consolidate tactical gains to create a more favorable and sustainable end-state.

perhaps with the idea maintaining the gains as an impetus.¹⁶⁰ The idea that Army forces consistently contribute to what joint doctrine terms phase zero supports the idea that the military will continuously contribute to stability versus only responding during crisis. National strategy documents including the 2015 edition of the National Security Strategy stress the “whole of government” approach as a way to tackle the United States’ strategic national security concerns.¹⁶¹ Despite the fanfare, this is not new. The Marshall Plan saw distinct contributions by the military, industry, academia, and policy makers in achieving security, economic reform, and regional stability. Recognizing that all instruments in unison have the potential to achieve transcendent effect speaks well of current foreign policy, at least in theory. What senior leaders and policy makers seem to echo in unison is their support for a national security apparatus that includes both military and diplomatic solutions to best serve national interests by preventing wars, not fighting them. Despite this current outlook, in practice this approach does not exist with the same emphasis at the operational level, where a more segregated model still reigns.¹⁶²

Additionally, context plays a large role. The Marshall Plan worked in Italy and mostly Western Europe—both areas with a democratic tradition of representative governance and judicial and economic processes similar to the United States. Successful implementation could have eluded the Allies in another setting. Another point to consider is the practical incentive behind the Marshall Plan. The United States’ economy historically rose and fell in line with the European, especially British, market index.¹⁶³ In addition to the altruistic motive behind the Marshall Plan, most notably captured in Marshall’s speeches

¹⁶⁰ Raymond Odierno and John McHugh, *Army Strategic Planning Guidance 2013* (Washington, DC: Government Printing Office, 2013), 5-6.

¹⁶¹ Barack Obama in foreword to *Sustaining Global Leadership: Priorities for 21st Century Defense* (Washington, DC: Government Printing Office, January 2012), 3-4.

¹⁶² Samuel Huntington, *The Soldier and the State: The Theory and Politics of Civil Military Relations* (Boston, MA: Harvard University Press, 1987), 3. Samuel Huntington advocated a civil military relationship view where policy makers developed goals that the military then determined how to pursue, a counter narrative to the fusion of civil and military present during and immediately after World War II. He is discussed further in a subsequent paragraph.

¹⁶³ Walter Mead, *Special Providence: American Foreign Policy and How it Changed the World* (New York: Routledge, 2002), 14-16. Mead outlines four primary pillars of foreign policy in his influential book: commerce, morality, security or popular politics.

unveiling the plan and Roosevelt's visionary rhetoric, it made practical sense to restore the devastated European economies. International relations theorist Walter Mead puts it succinctly, "Call it empire, hegemony, world order, or globalization, the question of global economic integration under British or American auspices and the political strategies that advance this great process have been at or near the center of both American and British foreign and domestic politics for centuries."¹⁶⁴ But even this realist perspective must acknowledge the altruistic motivations behind the plan, as Marshall garnered a Nobel Peace Prize for his namesake recovery plan in 1953.¹⁶⁵

The case study also provides a repudiation of the Samuel Huntington's seminal civil military relationship model. In *Soldier and the State*, Huntington argues for distinct spheres for civilian/political and military action while rejecting the fusionist approach to operational planning evident throughout World War II, especially in the subsequent reconstruction effort in Italy.¹⁶⁶ Italy saw a mix of political and economic considerations coexist with operational concerns as early as the beach landings in Sicily. This co-mingling of civilian and military competencies enabled Italy's rapid stabilization and on several instances helped avert large-scale disaster as Section I attests.

While this monograph covered the application of a general theory in a specific instance, further research opportunities could focus on the Marshall Plan's application within other contexts. Germany and Greece offered a myriad of cultural and ideological challenges to navigate in addition to the anticipated reconstruction challenges. Another area to consider is one briefly touched in the conclusion's opening, how the Marshall Plan indirectly led to the European Union. The European Union, which draws its

¹⁶⁴ Ibid., 38.

¹⁶⁵ George C. Marshall, *Nobel Prize Acceptance Speech*, Oslo, Norway, December 10, 1953, accessed December 16, 2014, http://www.nobelprize.org/nobel_prizes/peace/laureates/1953/marshall-acceptance.html.

¹⁶⁶ Peter Feaver, *Armed Servants* (Cambridge, MA: Harvard University Press, 2003), 7.

inspiration from the Marshall Plan's Organization for European Co-operation, stands as yet another international institution that should only aid the existing global order and structure.¹⁶⁷

Lastly, a caution to the think-tanks and operational artists who would advocate some variant form of the Marshall Plan to solve the world's problems.¹⁶⁸ The design and implementation of the Marshall Plan is not a panacea for reform, remember Italy already possessed a market-based economy and some form of democratic participation albeit in fascist form, prior to Allied involvement. Most importantly, Italy possessed a long, historic, and cultural tradition of respecting the rule of law, a precondition necessary for any kind of peaceful democracy and market economy to function. Without this base, any security and reconstruction effort would face considerably more challenges.¹⁶⁹ Besides these preconditions, the actual cost of the Marshall Plan is also paramount. The \$5.75 billion appropriated in the 1948 legislation translates to some \$160 billion today, a hefty sum if the unity of the free world is not under threat.¹⁷⁰ When taken as an overall percentage of the American economy, the price soars to \$531

¹⁶⁷ Hadley Arkes, *Bureaucracy, the Marshall Plan, and the National Interest* (Princeton, NJ: Princeton University Press, 1972), 140.

¹⁶⁸ Dimitri B. Papadimitriou "Greece Needs a 21st Century Marshall Plan" in *Bloomberg Business* August 11, 2013, accessed January 10, 2015, <http://www.bloomberg.com/news/articles/2013-08-11/greece-needs-a-21st-century-marshall-plan>; Martin Tolchin, "To Combat Terrorism: A Call for a New Marshall Plan" in *The New York Times*, January 20, 2015, accessed February 15, 2015, http://www.nytimes.com/2015/01/21/opinion/to-combat-terrorism-a-call-for-a-new-marshall-plan.html?_r=0; Shannon Tiezzi "The New Silk Road: China's Marshall Plan" in *The Diplomat* November 2014 accessed 12 January, 2014, <http://thediplomat.com/2014/11/the-new-silk-road-chinas-marshall-plan/>; Dick Bell and Michael Renner, "A New Marshall Plan? Advancing Human Security and Controlling Terrorism" in *Worldwatch Institute Online* (Washington, DC: Worldwatch Institute, 2015), accessed February 15, 2015, <http://www.worldwatch.org/new-marshall-plan-advancing-human-security-and-controlling-terrorism>. These articles demonstrate a prevalent thread of thought throughout modern foreign relations that ignores critical aspects of the Marshall Plan, particularly the security pre-conditions, context, and national interest.

¹⁶⁹ Roland Paris and Timothy Sisk, "Understanding the Contradictions of Statebuilding," *The Dilemmas of Statebuilding: Confronting the Contradictions of Postwar Peace Operations* (New York: Routledge, 2009), 10.

¹⁷⁰ Act of April 3, 1948, European Recovery Act [Marshall Plan]; Enrolled Acts and Resolutions of Congress, 1789-1996; General Records of the United States Government; Record Group 11; National Archives, accessed March 3, 2015, <http://www.ourdocuments.gov/doc.php?flash=true&doc=82>. The Bureau for Economic Analysis (<http://bea.gov/>) provided inflation tables to determine the cost in current dollars.

billion.¹⁷¹ Still, the success is hard to discount with Italy's per capita income rising twenty-seven percent in just the first four years after the Marshall Plan's introduction.¹⁷² Perhaps the Marshall Plan's greatest contribution lies not in economic statistics or production comparisons. Instead, the Marshall Plan represented the realization of a uniquely American strategic outlook, emphasizing cooperation over military competition. The final word then, goes to George Marshall himself whose motto read, "The only way humans can win war is to prevent it."¹⁷³

¹⁷¹ The original \$5.75 billion represented three percent of the US gross domestic product in 1948. Given the last calculated gross domestic product in 2013 by the US Department of Commerce, the Marshall Plan would be \$531 billion by volume or proportion.

¹⁷² Theodore Wilson, *The Marshall Plan: 1947 -1951* (New York, NY: Headline Series, 1977), 27. Wilson draws his information from the Department of State's Historical Office, which goes on further to say the average material life improvement averaged thirty-three percent for all Marshall Plan country recipients.

¹⁷³ Mitt Romney, "Transcript Foreign Policy Speech at the Virginia Military Institute," *Business Insider*, October 8, 2012, accessed December 26, 2014, <http://www.businessinsider.com/mitt-romney-foreign-policy-speech-vmi-obama-virginia-military-institute-libya-2012-10>.

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